

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6738

BILL NUMBER: SB 407

NOTE PREPARED: Feb 4, 2004

BILL AMENDED: Feb 3, 2004

SUBJECT: Insurance Product Regulation Compact.

FIRST AUTHOR: Sen. Paul

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

**FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL**

IMPACT: State

Summary of Legislation: This bill provides for an interstate insurance product regulation compact.

Effective Date: July 1, 2004.

Explanation of State Expenditures: This legislation does not require any increased expenditures. The Interstate Insurance Product Regulation Commission established by the bill may accept contributions and other forms of funding from the National Association of Insurance Commissioners (NAIC), compacting states, and other sources. This does not require a state to contribute funding, nor does it set guidelines for assessments or contribution requirements from states. In addition, the Commission is funded by filing fees from each insurer and third party filer filing a product with the Commission. The state may make a contribution to the Commission, but is not required to do so. Any cost of this bill is contingent upon administrative action.

Background Information: This bill allows the Department of Insurance to enter into an interstate insurance compact. The compact establishes the Interstate Insurance Product Regulation Commission. The compact is intended to (1) protect the interest of consumers of individual and group annuity, life insurance, disability income, and long-term care insurance products; (2) develop uniform standards for insurance products; (3) establish a central clearinghouse to receive and provide prompt review of insurance products; (4) give appropriate regulatory approval to product filings and advertisements that meet the uniform standard; and (5) improve coordination of regulatory resources and expertise between state insurance departments regarding the setting of uniform standards and review of covered insurance products.

The Commission is responsible for reviewing rates and forms to be used in multiple states. This will not supplant Department review of rates and forms used only in Indiana. This may reduce the workload of the

Department, however, no estimate is available at this time. The state may opt into the compact as well as withdraw at any time.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Insurance.

Local Agencies Affected:

Information Sources: Sally McCarty, Commissioner, Department of Insurance, 317-232-3520.

Fiscal Analyst: Bernadette Bartlett, 317-232-9586.